GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:857
ANSWERED ON:27.07.2001
INDUSTRIES NOT SET UP BY FOREIGN INVESTORS
MANSINH PATEL

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the foreign investors permitted to set up industries in India have not set up the same so far;

(b) if so, the details therefor ; and

(c) the efforts made by the Government in this regard ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. RAMAN SINGH)

(a) to (c) Foreign Direct Investment (FDI) proposals amounting to US$71.14 billion have been approved from January 1991 to May 2001. Against this, the cumulative inflows have been of the order of US$25.20 billion, giving a realisation rate (ratio of inflows to approval) of 37%. The realisation rate has shown consistent improvement from 1992 onwards, increasing from 17.37% in 1992 to 52.93% in 2001 (January to May 2001). The FDI approvals are only indicative of the intent to invest, and its translation into FDI inflows is determined by several factors such as the FDI policy framework, domestic economic conditions, world economic growth, global FDI trends and strategies of global investors. Apart from these factors, the gap between approvals and inflows is partly due to the fact that around 50% of the FDI amount approved pertains to the infrastructure sector, which has a long gestation period. In addition, Government with a view to facilitating speedy implementation of FDI approvals, has set up the Foreign Investment Implementation Authority (FIIA) that acts as a single-point interface between foreign investors and the various authorities at Central and State level. The FIIA, among other things, assists investors to overcome post-approval impediments by interacting with the concerned agencies and by making policy interventions wherever necessary.